HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Public Accounts

PACP • NUMBER 104 • 1st SESSION • 42nd PARLIAMENT

EVIDENCE

Tuesday, June 12, 2018

Chair

The Honourable Kevin Sorenson

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● (1530)

[*English*]

The Chair (Hon. Kevin Sorenson (Battle River—Crowfoot, CPC)): I call the meeting to order.

Good afternoon, colleagues. This is meeting number 104 of the Standing Committee on Public Accounts for Tuesday, June 12, 2018. We are here today in consideration of the message from the Auditor General of Canada that accompanied his 2018 spring report.

I would remind all colleagues here today that we are televised, so I would encourage you all to please put your phones on silent or vibrate so there's less distraction.

We are honoured this afternoon to have Mr. Michael Wernick, Clerk of the Privy Council and secretary of the cabinet with us. As it is somewhat unprecedented for the Auditor General to write such a message, it is also unprecedented for me to open this meeting with a few words of explanation as to why the committee has requested your presence here today, Mr. Wernick.

Our focus is not primarily on the Phoenix pay system, nor is it with respect to the poor outcomes of indigenous programs. Although both are extremely important and are mentioned to great extent in his last audit, they will be subjects of future upcoming meetings. The objective of today's meeting and the objective of the Auditor General's message is "to lead to a deeper understanding and correction of the pervasive cultural problems at play" within the public service.

This is a culture that has created, in the Auditor General's opinion, "an obedient public service that fears mistakes and risk. Its ability to convey hard truths has eroded, as has the willingness of senior levels —including ministers—to hear hard truths." This is a culture the Auditor General claims has caused and will continue to cause incomprehensible failures. It is this committee's sincere hope that this meeting today starts a process of change so that we do not experience any more "incomprehensible failures", failures that have adversely affected so many people, failures that could have been avoided and can be avoided in the future.

We welcome you, Mr. Wernick, and I turn to you for your testimony today.

Mr. Michael Wernick (Clerk of the Privy Council and Secretary to the Cabinet, Privy Council Office): Thanks, Mr. Chairman.

I don't have a statement or presentation or anything like that. If you'd indulge me, I might make a few opening comments and then we could get right to your questions.

The first thing I should get on the record is that as soon as I received your invitation, I accepted it within the hour, and I'm very pleased to be here. Second, I am willing to stay here as long as you have questions. The last time I was before this committee I was deputy minister at what was then Aboriginal Affairs, and I was here for five hours spread over two days; I think Mr. Christopherson might have been there. I remind my colleagues behind me: I was there for five hours and no journalists attended, not one, so I'm pleased to have the opportunity to have an exchange with you on the record.

This is National Public Service Week, and it's a great opportunity to engage with you, and through you, I hope, with Canadians about their public service.

I have a couple of opening comments. The first one I think is very important to get across, and it is that Canadians should be very confident that they live under the rule of law in a healthy democracy and that they are served by strong institutions of governance—independent courts, free elections, a vigorous legislature, officers of Parliament, and a free press—and by a non-partisan, values-driven public service that is very good at supporting democratically elected governments, delivering their agendas, and providing a very wide variety of services to Canadians.

I consider it part of my job to engage Canadians in an ongoing conversation about their public service and to channel the stories of other public servants who do not have a voice. I have had the honour of submitting three annual reports to the Prime Minister about the state of Canada's public service, all of which were tabled in Parliament, and I've never been called to a parliamentary committee to be questioned about them. They've all been posted on the web and they have provided a vehicle for an exchange with public servants and other Canadians.

I am hidden in plain sight. I have a website. I have a social media presence. You can follow me. You can look up more than 40 speeches that I've given to a wide variety of audiences. I have tried to be very clear and candid about what I think, where we are as a public service, and where we can do better.

I only have a couple of opening comments, and then the point would be to take your questions and have a dialogue.

The first is that Canadians should have confidence in the excellence of their public service. That is not just an opinion; I bring you evidence. The World Bank, which is not a radical institution, ranked 200 countries on the effectiveness of their governments, and Canada was in the 95th percentile, with only a few small countries ahead of us. A think tank and a business school in the United Kingdom tried to rank the effectiveness of public services and created an index of 12 different factors of the effectiveness of public service: Canada was number one last year. The Global Government Forum took all the G20 and all the European Union countries and assessed them on the presence of women in leadership and public sector positions. Canada was number one. The World Wide Web Foundation, which tracks issues around the Internet and new technology, ranked 115 countries on how their governments are engaging with their citizens on open data: Canada was number two to the United Kingdom. *Forbes* magazine listed Canada's best employers in 2018, and seven federal departments, including two of the largest, are on that list as best employers in Canada.

One reason that the Canadian public service is strong is that there are many feedback loops on what we have done and what we could have and should have done better, and this committee is certainly an important part of that. I would assert that we have a culture of learning from mistakes and constantly striving to adapt to change and be better.

Another is that the senior leadership of the public service is very capable and guided by strong values. My assertion to you is that the senior leadership community of public service today is as good as or better than any that has ever served this country, and I would argue better, because the job's just getting more and more complex and challenging.

● (1535)

The second message to you is to urge you, as a committee with great responsibility and influence, to be very thoughtful in coming to a view about what should be done as we move forward. If you start from the wrong diagnosis and start applying harsh remedies and surgeries, you could cause very serious side effects and complications. You could even kill the patient. It has taken generations of work and effort to build a world-class public service that is envied by other countries and that people come to Ottawa to emulate. It will take a lot of work to make it even better, but it could be very damaged, quickly, in a matter of a few years, and it could take a generation to bring it back, so I would ask you to weigh very seriously the evidence you have heard and that you'll continue to hear, and engage Canadians on how we can have an even better public service to meet the challenges as we go forward.

I'm willing to stay as long as you want. I have some expertise and experience in the accountabilities of deputy ministers, how they are chosen, their tenure, and their turnover. I particularly welcome questions about the incentives and disincentives on which we operate, and I have some ideas for you on specific structural reforms that could be pursued in the future.

My view on the Auditor General's chapter.... I have enormous respect for Michael. We've met many times and had a lot of important conversations about his role and mine, and, as I think you're aware, we came to an agreement to give him even more of an unprecedented access to cabinet confidences in order to serve you as parliamentarians and Canadians. When he's on the ground of sound audit methodologies with strong recommendations about what can and should be done, he's of great service to the country, but chapter zero is an opinion piece with which I take issue and that I'm happy to discuss. I believe it contains sweeping generalizations. It's not supported by the evidence, and it doesn't provide you any particular guidance on what to do to move forward.

I also don't agree that the pay system was an incomprehensible failure. I think it's entirely comprehensible. It was avoidable. It's repairable, and it gives us all kinds of lessons about how to build a better public service.

● (1540)

[*Translation*]

I look forward to your reactions and questions.

[*English*]

The Chair: Thank you very much, Mr. Wernick.

We're now going to move to the first round of questioning. This is a seven-minute round. We're going to begin with the government side.

Go ahead, Ms. Mendès.

Mrs. Alexandra Mendès (Brossard—Saint-Lambert, Lib.): Thank you very much, Mr. Chair.

[*Translation*]

Mr. Wernick, thank you for being here and for accepting our invitation on such short notice. I really appreciate that.

[*English*]

I would like to take this opportunity, as you mentioned this is National Public Service Week, to congratulate the Public Service of Canada for the excellent job they do in serving Canadians. We should never forget the important service they provide and how fortunate we are to have a public service that is so professional and so dedicated.

That said, you have just opened the theme of this meeting. You say you disagree with the sweeping generalizations that the Auditor General made in his chapter zero, or his message. We as a committee —and this was pretty much unanimous in the committee—were quite distressed to find that in his analysis, what happened, both with the Phoenix pay system and with services to first nations, Métis, and Inuit communities, had, for him, become almost the image of what went wrong, even though we had such a great series of checks and balances in our system. It's all there, so how could this happen?

I'd like to hear you tell us, as you say you have your own views on the matter, how you would consider it avoidable. What wasn't done that could have been done to avoid such a failure?

[*Translation*]

Mr. Michael Wernick: Thank you for your question.

[*English*]

I think there are several elements in there. I'll try not to go on too long.

I don't understand the comparison to indigenous policy, and it's an area I worked in. The situation of Canada's indigenous peoples is the result of generations of public policy and law, and other factors. There are many theories and explanations about how we got here, and very different views about how we can move forward. It's a policy failure, basically. It's going to be a difficult one to move forward on.

As some of you will remember, the Auditor General's predecessor, Ms. Fraser, tabled observations, a chapter zero on first nations, in the spring of 2009. It's a very helpful piece on indigenous policy. I commend it to you. It had four very specific prescriptions about what could be done to improve outcomes in government programming for first nations. I thought it was a solid contribution by the Auditor General to public debate, and it's something that I have used a great deal in advising ministers at the indigenous affairs department. I'm happy to pursue that, but it's a very big topic.

I think that you can continue to pursue the explanations of what happened in the pay system. My view is that it's comprehensible, and it's all there in the two reports from the Auditor General, in the Goss Gilroy report and in the Gartner report.

I don't want to put words in anybody's mouth, but I think what he's trying to say is that there's no single culprit or single explanation. To the people who are looking to simply say, "Here are two or three people we can blame" or "Here's the explanation", my take on the pay system is that it was a perfect storm and confluence of all kinds of factors, which are laid out in the Auditor General's two chapters.

You can continue to pursue that line of inquiry. There have been many officials appearing at this committee, at the government operations committee, and at the Senate finance committee. It's perfectly legitimate to want to pursue the forensics of what happened and how we got here. In my view, it's not actually going to help that much in the urgent job of stabilizing the system and getting people paid on time and accurately today. It doesn't provide a lot of guidance on what to do going forward, other than the specific recommendations the Auditor General made on this topic and the report by Goss Gilroy, which I think provides lots of lessons on project management.

● (1545)

Mrs. Alexandra Mendès: We're more interested in understanding what can be done to avoid a repetition, because it's the accountability at different levels that seems to have failed. We understand the mechanics. I think we've gotten there. It's the accountability issues that failed throughout that we are concerned about.

How do you see it improving going forward? How can we correct that?

Mr. Michael Wernick: I think that the language in the two Auditor General chapters does provide you some advice on that, and there were some specific recommendations.

There was clearly a breakdown in information flowing up to the accountable deputy head in that department for a period of time, and there was a breakdown in the oversight by Treasury Board Secretariat and in some of the governance and the committees around it.

I think there is a specific breakdown around the pay system, which can be repaired. The Goss Gilroy report and the Auditor General chapter point to ways of doing that. I think it is inaccurate to generalize about that as a matter of culture across 300 different organizations. It's not even accurate to apply it to the department of public services.

Mrs. Alexandra Mendès: From what I've been hearing in the very many meetings we've had with the Auditor General, I think he was trying to come to the idea that delivering outcomes for Canadians is really what we should be worried about, but sometimes the preoccupation with process overcomes the objective of delivering services for Canadians.

In this instance, it's services for the public service itself. It's their pay system. It's their salaries that are in question. That we somehow failed to see to the expected delivery and the success of this system and the fact that we separated two projects is another of his comments. As you know, the project management itself and the IT transformation projects were not aligned. They were driven separately. That caused an issue.

How do you see your office overcoming these weaknesses?

The Chair: Thank you, Ms. Mendès.

Mr. Michael Wernick: The quick answer is that my role is to give the Prime Minister advice on who goes into deputy minister roles and to give the Prime Minister advice on machinery of government, such as how decision-making processes can be organized, the creation of cabinet committees and working groups, that sort of thing, and how departments can be structured.

Successive governments have pulled apart and put together government departments and agencies in different combinations as they adapt to a changing world. There's a long history of that. Those are prerogatives of the Prime Minister, and the advice on who to put into deputy minister roles comes from me. I'm accountable for it, or answerable for it, and the advice on machinery of government comes from me through the Privy Council. After that, it is up to each minister to be answerable to Parliament and up to each deputy minister to be answerable for their responsibilities as the accounting officer, which I know you've had time to talk about at this committee.

● (1550)

The Chair: Thank you, Mr. Wernick.

We'll now move to Mr. McCauley, please .

Mr. McCauley, you have seven minutes.

Mr. Kelly McCauley (Edmonton West, CPC): Welcome, and thanks for joining us today.

The AG goes over in his report what appears to be a very disturbing situation in which it looks like the Department of Indigenous Services is skewing the graduation rate of indigenous students. Of course this data is being used to measure the success of the program, how much money should be spent, policy direction, etc.

I'd like to know what your opinion is on this and if we're taking the right corrective measures to address it. My understanding is that this is not a new complaint from the AG about the graduation rates and other metrics of success, so to speak, from investment in indigenous services.

Mr. Michael Wernick: I'll have to say I have no particular knowledge or expertise of the details of that methodology. I think the deputy minister of Indigenous Services would be the right person to ask. I could probably mess up an answer by venturing one.

I would take the opportunity to build on the last question as well. It's very important what measures you choose to chase. Measuring what gets measured is what people put their work and energy into. Successive governments of different stripes have worked at identifying the goals of different departments and agencies. Every spring you see the planning documents. They used to be called reports on plans and priorities; they're now called departmental plans, and there's an effort to set out specific objectives in specific areas. Every fall you see performance reports, which are an attempt to measure success as candidly as possible. I have no comment on what would be the right way to measure first nations education.

Mr. Kelly McCauley: I understand that. It's not about the right way to measure it.

I'll quote for you: "...we found that the department did not assess relevant data it did collect to determine whether it was accurate and complete". The AG is not saying we're setting the wrong goals; it appears they're purposely using the wrong information. It talks about not collecting the relevant data and not accessing the relevant data, and he goes on that we're poorly....

I agree with you that it's a failure of policy over the years in serving our indigenous people. It's very clear throughout the report. It's not a complimentary one on the bureaucracy serving indigenous people. It's very clear that they're not reporting correctly; they're not accessing the right data. It's almost like they're jigging the numbers to serve their own purposes.

Mr. Michael Wernick: I'm not sure what their purposes would be.

Mr. Kelly McCauley: It would be the same purposes the Phoenix executives had when they hid information to perhaps protect their jobs or help their own promotions. I'm not really sure. I'm curious as to your opinion on the AG's comment about their accessing irrelevant data to come up with numbers that perhaps support their internal agenda and don't support indigenous students.

Mr. Michael Wernick: I'm not sure how to answer that question. Schools on reserve are run by the first nations with financial support from the Department of Indigenous Services. They have contribution agreements in which, in exchange for money from the department, they're asked to report on certain data. The data comes from the schools, and it flows through the department. This is a topic that has been discussed in previous Auditor General reports.

Madam Fraser complained about the reporting burden on first nations and the many reports they had to submit through funding agreements. She recommended statutory funding be the basis for funding first nations education. That's something I agree with, and that's something you as legislators can do.

Mr. Kelly McCauley: Anyone reading the AG's report on services to our indigenous people would perhaps have a lack of trust in our system. Is this a concern that the public is going to have for other services and other numbers reported across other departments?

Mr. Michael Wernick: No.

Mr. Kelly McCauley: Do you believe this is perhaps just an outlier, and every other...?

Mr. Michael Wernick: It it is an example of a specific issue in a specific department, and we have systems, including the Auditor General and other feedback loops of other officers of Parliament, parliamentary inquiry, and others that bring these issues to the surface. They are detected, they are corrected, and you move on. To generalize it beyond that is tricky territory.

● (1555)

Mr. Kelly McCauley: Do you think they have been corrected over the years?

Mr. Michael Wernick: I think government constantly improves over the years. Otherwise, why would I be able to recite that set of statistics that says we have the most effective public service on the planet?

Mr. Kelly McCauley: I'm not doubting that we have an effective public service, but do you think these issues over the years have been addressed and fixed?

Mr. Michael Wernick: Many have and many have not, and one of the roles of the committee—

Mr. Kelly McCauley: What about indigenous services, specifically?

Mr. Michael Wernick: Yes, there were more than 10 Auditor General chapters over the years on that specific department. That specific department was a legal construct based on contribution agreements, and the men and women who went into that department did the best they could with outdated legislation and contribution agreements. The path forward to do better on indigenous services was pointed out by Sheila Fraser in the spring 2009 report, which is to have a lot of the programs on a statutory basis, to have strong local delivery and service organizations, to build the capacity in the communities. It's not through any lack of effort or competency—

Mr. Kelly McCauley: What is your level of confidence that the issues identified in the AG's report on the indigenous services delivery are going to be addressed?

Mr. Michael Wernick: I'm confident they are being taken very seriously by the minister and the officials and that if you ask them back a year from now, they'll be able to report on progress.

Mr. Kelly McCauley: You have confidence.

Mr. Michael Wernick: Absolutely.

Mr. Kelly McCauley: Let me ask you this, just continuing on about the public trust. Have you any concerns that there are other major projects across the government that are being given what we call "the Phoenix treatment", perhaps a lack of transparency or perhaps not proper reporting, and are going down the path of another Phoenix-type project?

Mr. Michael Wernick: You are asking me if I know about unknown unknowns. One of the things I have trouble with in the Auditor General's language is—

Mr. Kelly McCauley: My question is whether you have concerns that perhaps this is existing in other departments.

Mr. Michael Wernick: I have no doubt that errors and mistakes will be made across the public service. We're more than 300 organizations with 5,000 executives and 260,000 human beings coming in, and there will be—

Mr. Kelly McCauley: Are there levels of the issues we had with Phoenix, for which there seemed to be an extreme lack of accountability to address the situation before it went off the cliff?

Mr. Michael Wernick: I'm not going to guarantee it will never happen, but I do have some confidence in the fact that we're here today and that with all of the multiple lines of accountability and oversight in government departments, these issues are surfaced, they are identified, remedies are put forward, and in many cases they are corrected.

The Chair: Thank you, Mr. Wernick and Mr. McCauley.

Mr. Christopherson, you have seven minutes.

Mr. David Christopherson (Hamilton Centre, NDP): Thank you, Chair.

First off, thank you very much for your attendance. It's good to see you again.

May I also echo your comments about the excellence of our public servants. I've served at all three orders of government and have said since almost 30 years ago how blessed we are. At that time I meant at the city level, and now I mean also in my experience at the provincial level and at the federal level. We are truly blessed, as a country, in the calibre of citizens who decide to put their professional careers and their abilities and their passion into making Canada a better place. We are so, so blessed. I say that all across the country, and I say it internationally, and I mean it from the bottom of my heart. Where there are problems, in the main it is not those individuals who are the problem; it's the systems and the procedures that the rest of us and the senior management have imposed on them. I think that's a great place for us all to start and to agree that individually we are so lucky as Canadians in terms of the people who choose to be in our public service at all three orders of government.

Second, I feel the need to nitpick a little bit. You talked about how you recently offered new information to the Auditor General, leaving the impression that it was graciously offered. Given the fact that the federal legislation is absolutely clear that the Auditor General is entitled to anything he or she wants, I am reminded of big corporations who brag to their new employees about all the benefits they're going to get, neglecting to mention that it was the union that actually fought for those rights and that some of us had to strike for them. The company then takes the credit, saying, "Here are all these wonderful things that we give you." I just want to mention that if anybody's giving anything, it's the Auditor General respecting the niceties of how decision-making is made at the cabinet level, but at the end of the day the Auditor General of Canada is entitled to whatever information the Auditor General of Canada wants, and that's what the legislation says.

Now to the crux of it. I was so hoping this wasn't going to happen. What you said today, sir, is like my worst nightmare come true after I read this message from the Auditor General. When I read this, my jaw was on the floor, and I think there are a number of colleagues who would say they felt the same way. It's like, "Wow!" It was the opposite of what you are saying, Mr. Wernick. You're talking about how this is a one-off. This is a message from the Auditor General—not just a chapter, but a formal message from our Auditor General—the taxpayers' and citizens' best friend on Parliament Hill to Parliament, and what it says is we have a massive cultural crisis.

Therefore, when I listen to your remarks today, with all due respect, it's one of two things, and I say this to my colleagues: either we have a deputy of the Privy Council who has his head buried in the sand and is in complete denial about what the cultural problems are, or we have an Auditor General who's off the rails. There's not a lot of grey area here. There's not a lot of nuance.

What you're saying today, Mr. Wernick, is almost the opposite of what the Auditor General has said about what the problem is, what the solutions are, and what the observations are.

Where does that leave us? I thought we were going to have a Clerk who was going to come in and say, "We agree. We appreciate the focus on the problem and we want to be part of the solution. We want to work with you, public accounts, to be a part of that solution, with all of us working together." Then I was trying to think how we would do this. It's brand new. It's kind of exciting, but, you know, it's really serious. We've never done this, not in my time, so how were we going to do it?

Instead, it's like we're at below zero—and don't ever refer to an Auditor General's report as "zero", please. We are in deep trouble right now according to the Auditor General, whose sole mandate—and remember he's an agent of Parliament—is to make sure that Canadian taxpayers' money is well spent and they're getting the services that they deserve and are entitled to, but we have a Clerk of the Privy Council who's coming in and basically saying, "No, no, no, it's no big problem; no, no, no, it's not that at all. I disagree with the Auditor General. This is just another one-off problem. We'll work on it and we'll fix it."

● (1600)

Well, Chair, that's not where we are. All I can say to you is that it seems to me that at some point pretty soon, we as a committee need to decide where we are. Do we agree that the Auditor General is off the rails, or do we agree that we have a huge problem that's made even more difficult by the top of the bureaucracy not accepting there's a problem?

Now, like most things in life, I suspect that somewhere in there is where we need to be. People know how I feel about the Auditor General and where I will likely be when we have those discussions in private or public, but I'm fair-minded. I like to think I'm fair-minded. I'm open-minded. I'm angry, but I'm open-minded about the process.

It seems to me, Chair, that at some point we need to find a way that we can decide where we are on these two extreme positions. The positions do not line up. Do we support the Auditor General or do we support the Clerk of the Privy Council? It seems to me that until we decide that, we can't decide on our course of action, because believing one takes you down one road and believing the other one takes you down another road. We could have the committee flying all over the place and being totally ineffective, which then would be us not doing our job and us letting our culture fail us.

Those are my thoughts, Chair. I'll leave it at that and hear what my esteemed colleagues think.

The Chair: Unfortunately, your time is up with 10 seconds left. You've given us some things to think about here. Some of the comments that maybe Mr. Wernick would have—

Mr. Michael Wernick: I would hope, Mr. Chair, that I get a chance to respond to some of that.

The Chair: —will have to be in someone else's time.

We will go to Mr. Massé, and then you can work in whatever you so choose as the time goes on.

Go ahead, Mr. Massé, please.

[*Translation*]

Mr. Rémi Massé (Avignon—La Mitis—Matane—Matapédia, Lib.): Thank you, Mr. Chair.

Mr. Wernick, thank you for being here with us this afternoon. We are pleased to see you here. It is important for us to hear your testimony. As my colleague Ms. Mendès said, we are pleased that you accepted our invitation on such short notice.

I would like first to respond to what our colleague Mr. Christopherson said. My colleagues know that I spent close to 17 years in various departments in the federal public service. So I can attest first-hand to the fact that many public servants work extremely hard, are committed and dedicated, and offer important services to people right across Canada. There are many examples of success in the public service.

I am thinking for instance about the Public Service Pension Centre in Shediac, which successfully completed a major modernization initiative in recent years.

I am also thinking of the largest documentary imagery centre, the Digital Imagery Research and Development Centre, in Matane. It was in fact developed by public servants who are dedicated to serving Canadians and other departments.

I am also thinking of the 40,000 Syrian refugees we welcomed recently, thanks to a department and public servants who were able to turn on a dime and do the important job they were given.

That said, I also fell over backwards when I saw the Auditor General's report and the message he sent us. This important message shook us and shook the public service and its management. I would even say it made them angry. The Auditor General is not the only one to say there are problems. Obviously, it is not black or white. There is something in between. Clearly, there are problems in the public service. As you pointed out, with 260,000 public servants, of course not everything is perfect.

I simply wanted to point that out. I was reading something by Donald Savoie recently, someone you are no doubt very familiar with. He was also quite blunt. I would like to hear your thoughts on what he said. I will read it out in English since it was written in English:

● (1605)

[*English*]

> ...the public service is now bogged down by rules, oversight and a controlling [centre] that it has "lost its way" and ability to manage..."they have learned the art of delegating up to PMO and PCO" rather than down to the front-line workers, as they did in the 1970s and 1980s, to get things done.

[*Translation*]

So I would like to hear your thoughts about how we have tackled certain problems in the public service and about potential solutions. As I said, it is not black and white. There is something in between.

You produced an annual report that is very positive on the whole. I know, however, that you are aware of problems that should be addressed and I would like to hear your thoughts on that.

Mr. Michael Wernick: Thank you for your question.

I am not saying the public service is perfect or does not make mistakes, even serious mistakes, from time to time. It was created by human beings and is managed by human beings. Further, its services are delivered by human beings. So mistakes are made. That said, we have a strong culture of learning and feedback. I invite you to look at the chart I gave the clerk.

[*English*]

There are many layers of oversight, lines of accountability, and feedback on the senior public service, all of which are, in an engineering sense, a negative feedback loop: what you did wrong, what you could have done better. There are almost no positive feedback loops other than performance, pay, and promotion within which senior public servants operate. I think you have to look very deeply at the incentives structure, which is the one in which human beings act, and culture is shaped by incentives and disincentives. There are opportunities to create incentives and disincentives that reward innovation and creativity, or that stifle it. That's a big topic, and I'm happy to exchange with you on that.

The importance of my report is it is a very rare opportunity to talk about the successes and the accomplishments. I've never been asked to a parliamentary committee to talk about three annual reports on the state of the public service. I've never been asked a question about the innovation fair, which showcases all the examples of letting people loose and asking them to come forward. I've never been asked a question about the prize challenges through which we're trying to develop solutions by working with outside partners. I could go on and on about those, but because your attention as parliamentarians, quite reasonably, is drawn to all of the feedback loops from almost a dozen institutions that are there simply to look very closely at particular issues and point out what could have and should have been done better.

I'm not complaining about that. I think that is the explanation for why we are as good as we are.

To jump to Mr. Christopherson's question—and by the way, it's the Auditor General who calls his opinion pieces "chapter zero"—if sweeping generalizations are made about the culture across 300 different organizations and all of their subunits spread across 10 provinces, three territories, and 100 different countries, none of those generalizations will stand up to scrutiny, and I bring you evidence. I bring you three annual reports full of stories showcasing the accomplishments and the successes of public servants. I bring you those six indicators that tell you of this success. If you want to ask somebody who knows organizations, I can suggest another witness to you: the global managing partner of McKinsey, who's looked at every big, top, high-performing private sector company in the world. He's is a Canadian, Dominic Barton. He's worked for Stephen Harper as part of his advisory committee on the public service and he's worked for Prime Minister Trudeau as chair of the growth council. Ask him what he thinks about the public service of Canada.

● (1610)

[*Translation*]

Mr. Rémi Massé: Thank you, Mr. Wernick.

I would like to get back to your report, which is an important document. As you said, all or the majority public servants consult it and read it attentively. I noted an important finding.

[*English*]

The Chair: Be very quick.

[*Translation*]

Mr. Rémi Massé: On page 33, you say that "43% of public servants feel that the quality of their work suffers because of too many approval stages."

You said earlier that you would like to talk about the structural reforms you could make. I would like to hear what you have to say on that specifically.

How can your reduce the approval stages in the federal public service?

Mr. Michael Wernick: I would like to say first that there are reasons for the processes, such as protecting public funds and ensuring that everything is done properly. There are checks at several levels to protect the public interest.

This has to be balanced with due diligence, innovation, and creativity.

[*English*]

I don't think there's a single answer to that. You can read about 30 speeches that I've given on that subject. A lot of this is what we do to ourselves, public servant on public servant, about creating rules and processes. I think the public service is ripe for a deep structural reform in the coming years to de-layer it and de-bureaucratize it. We've made some progress, but I think there's a lot more that could be done.

The Chair: Thank you, Mr. Wernick.

We will now move to the second round and Ms. Raitt.

Hon. Lisa Raitt (Milton, CPC): Thank you, Mr. Chair.

Thank you, Mr. Wernick. It's really nice to see you. As I look around the table, I'm probably the only one you have worked with in the past around the cabinet table, so I may be coming at this from a different perspective.

I'm glad you mentioned your speeches. I was taking a look at one you gave to the ADMs on April 11 that caught my attention. In it, you talked about the future, and I think that's fair enough. We know what's happened in the past; what are we going to do going forward on the pay system?

You said you were going to take all of what is emerging in disruptive technology, rethink the technology, project management, and procurement, and apply it to getting us a pay system that works. That will be one of the signature projects of the next few years.

That, to me, means we really have to understand what happened in this payroll system, specifically at the very end of the decision-making with respect to when it launched.

The Auditor General said that part of the reason he wrote this message was to explore the cause of the failures. One part of the cause of the failures that I don't see anything about is the one I want to discuss with you, knowing we've both had experience around the cabinet table.

Mr. Wernick, my understanding is that you became the Clerk of the Privy Council on January 20.

Mr. Michael Wernick: It was January 22, roughly—yes.

Hon. Lisa Raitt: You were the Clerk prior to the implementation of the Phoenix payroll system, which happened on February 24, 2016, right?

Mr. Wernick, you would have been around the cabinet tables. You would have gone to the deputy ministers' breakfasts. You would have been part of the committees that had oversight of it. You were really there, and you were the link from what was being told to you by your deputy ministers on the one hand, and the cabinet and the Prime Minister on the other. As is stated on your website, you are not only the head of the federal public service; you are also the secretary to the cabinet and the deputy minister to the Prime Minister.

Having read everything that the Auditor General reported on the facts of how the process unfolded, at any point did you inform the cabinet or the Prime Minister about the difficulties on decision-making over going ahead with the Phoenix implementation?

● (1615)

Mr. Michael Wernick: I'm trying to get the chronology right. The new government was sworn in on November 4. I don't believe that the pay system was discussed at any cabinet meetings in the period prior to launch. It may have been discussed at Treasury Board ministers. I would have to get back to you on that.

So no, I didn't have any conversations. I was relying on the assurances from the deputy committee that was overseeing the project. I think I was on the job getting ready for the first budget of the new government and dealing with other issues around that time.

I accept entirely that Phoenix was launched on my watch.

Hon. Lisa Raitt: The federal cabinet had a retreat in Saint Andrews, New Brunswick, during the time that the decisions were being made around the Phoenix payroll system. Do you know whether or not Phoenix was an issue that was brought up? Of course, Madame Charette was the Clerk at the time, but you were deputy clerk. You were the second in command.

Do you have any knowledge about whether or not, in those 36 hours of deliberations about delivering to Canadians, the cabinet had a briefing on the Phoenix payroll system?

Mr. Michael Wernick: Not the full cabinet. That would have been considered an issue for the Treasury Board committee ministers.

Hon. Lisa Raitt: Do you know if the Treasury Board committee ministers received a briefing on Phoenix?

Mr. Michael Wernick: I don't know.

Hon. Lisa Raitt: It could be the reason the Treasury Board decided to get independent advice on whether or not the system was ready to go, but I guess we would have to ask the Treasury Board ministers about that.

Mr. Wernick, was this decision for implementation of the Phoenix payroll system a delegated power from the Minister of Public Works?

Mr. Michael Wernick: I don't know if it was formally, legally delegated. It was a matter that I think was the prerogative of the deputy ministers who were involved. One would have been Treasury Board as the employer, and the other would be Public Services, I think as it was called by then, as the project manager and deliverer of the service.

Hon. Lisa Raitt: What's interesting to me, for those of you who have not been a minister before, is that you receive a pretty lengthy document at the beginning when you meet with your deputy. In it are all the things on which you agree that, as minister, you're not going to have a decision over. Absent that, as the minister you are responsible for every single decision that every single official within the public sector makes in your portfolio.

Do you have the same kind of delegated power with respect to deputy ministers? Are there certain things as the head of the federal public service that you let the deputy make the decision on only?

Mr. Michael Wernick: No, because I have no executive authority over deputy ministers—none, zero.

Hon. Lisa Raitt: Is there anything you wouldn't tell the Prime Minister in terms of having the Prime Minister in a position to make a decision to ensure oversight?

Here is my problem with all of this. Fourteen deputy ministers decided in late January that the Phoenix payroll system was not ready to go, and they brought it to someone, somewhere.

The Chair: Go ahead, Mr. Massé, on a point of order.

Mr. Rémi Massé: The Clerk of the Privy Council is with us. We had agreed that we would focus our interventions on the chapter, the general message by the Auditor General. We're going to have an opportunity to discuss the Phoenix report, so if you might....

The Chair: I agree, and that's why I said, in my opening comment, that it's not specifically on Phoenix, not specifically on indigenous issues. I think what Ms. Raitt is driving at is the culture of information being passed on, and she is using Phoenix as an example of that.

Maybe, Ms. Raitt, just as a suggestion, driving down to the culture, you can even—

Hon. Lisa Raitt: Sure.

The Chair: You can even refer to the culture.

The point is taken. It's not necessarily a point of order. As you know, there is a lot of latitude given.

Hon. Lisa Raitt: I used it more as illustrative of how the decision-making happened, in a concrete kind of way, because my concern is not only about what happens within the public service. The mantra of the federal public service is to fearlessly advise and to faithfully implement, and I want to make sure that there is fearless advice given to the decision-makers in that cabinet room.

That's why I was asking Mr. Wernick those kinds of questions around what kinds of processes were in place. For me it's important to know that 14 deputy ministers, potentially 14 ministers, should have known that there was a problem, because taking a stance against Treasury Board is a pretty bold thing to do in a government, having been on the wrong side of Treasury Board on a few issues.

I'm just curious to know, when you get to that stalemate, what you do and how we prevent that stalemate from happening again. What are the assurances that when we go on this brand new program, which is going to be even more complex, we get it right?

● (1620)

Mr. Michael Wernick: Very quickly, I don't think there is a stalemate. I commend to you the document "Open and Accountable Government", which is the software of Westminster government on the roles of ministers, deputy heads, and elsewhere. There was a version that Prime Minister Harper issued at the beginning of his government, which you'd be familiar with. It was revised in some areas and reissued by Prime Minister Trudeau at the beginning of his government. That is the play book, and it makes the roles very clear.

I think you may have formed an impression from the Auditor General's chapter—because he alludes to this in a sort of sideways way—that officials should have spoken up at certain intervals and asked for more resources. Well, you'd be aware that there is no way for officials to ask for resources—there isn't.

You go to Treasury Board with a submission signed by a minister. If a minister will not sign a request for resources, it doesn't happen. If a minister will not make a request to the Minister of Finance for a budget submission, it won't happen. There is no channel by which senior officials can ask for resources.

The Chair: Do you think that is proper? Is that something that may be in the culture? Given the acceptable culture, is that acceptable?

Mr. Michael Wernick: Well, there are different models, but I think ours rests on ministerial answerability for resources. Ministers request resources of Treasury Board, and Treasury Board ministers grant them.

The Chair: Thank you.

Mr. Michael Wernick: They are granted on the advice of ministers, and parliamentarians appropriate supply and appropriations.

The Chair: Thank you, Mr. Wernick.

Go ahead, Mr. Lefebvre, please.

Mr. Paul Lefebvre (Sudbury, Lib.): Thank you, Mr. Chair.

On that point, with respect to resources—the idea today was to talk about the culture, and I have more questions, but just to start off—can you give us a bit of the timeline that you're aware of when 700 or more professional payroll individuals were let go? Do you know what the timelines were? Was that in 2014–15?

Mr. Michael Wernick: I think that's all set out in the chronology in the Auditor General's chapter, so I would probably get it wrong by at least a few months, but the project envisaged centralization in the pay centre and envisaged a high degree of automation, so there was an anticipation that there would be reduced staffing levels at the end of the project implementation. They were starting to disappear on us. They were an older community to start with. Many of them did not want to move to Miramichi and accept employment there.

I think what's not really caught in context in the chronology is that we were kind of between two canoes, between, on the one hand, a system that wasn't very good and its people were leaving, and on the other hand jumping into the canoe of the new system, which obviously did not go well. There wasn't really a lot of opportunity to pause and delay, because the pay clerks were basically disappearing.

Mr. Paul Lefebvre: When the decision was made to go ahead, to get the pay system going, was there ever any advice given to the minister that there was nothing to go back to—that having let go 700 payroll professionals, the other system does not exist any more and we don't have anybody to manage it, so now we need to be going into this new system?

Mr. Michael Wernick: I think that goes to Ms. Raitt's question. I don't know what specific advice was given to Treasury Board ministers. This was never seen as a matter for full cabinet. It was a project being supervised by Treasury Board ministers. You could ask former Treasury Board ministers and secretaries what advice they were given at different times. The Auditor General had access to all of that, to all of that advice, and set out as best he could the chronology as he understood it.

I think it's important to remind people from time to time—there's absolutely no comfort in this—that there was an Auditor General's chapter on the pay system around 2008 that said it was falling apart around our ears and it was a matter of great urgency to replace it, so it's understandable that the government of the day took on a pay modernization project.

Mr. Paul Lefebvre: I guess my point in asking you that is, was there a system to go back to?

Mr. Michael Wernick: No. There was no system, period. It was cardboard cards and manual record-keeping. It was a world in which people waited months, when they moved from department to department, to have their pay.

Almost everything you've seen under the Phoenix label happened in the pre-Phoenix world. It was a terrible, terrible pay environment, and there was no system. It was a reasonable thing for the previous government to do. It was the advice of senior public servants to get a 21st-century pay system in place. Obviously, we failed to do it.

● (1625)

Mr. Paul Lefebvre: Thank you.

In our experience here at the public accounts committee with respect to transformational technology, we've had some challenges. Certainly Phoenix, as you mention, was one. We've noticed that Shared Services is something else that has had its challenges.

It has come up quite a few times now that when we're changing technology, it's as if the system is not geared for it. We had the deputy minister of the Treasury Board here a few months ago, and I asked her that question, as to whether we had the capacity or if that was the main challenge within the public service when it comes to technology. She agreed that it was a major challenge that we have. What is your response to that?

Mr. Michael Wernick: That's a big topic. I have quick comments, and I'm happy to come back on this if you want. Big IT projects have high risk in the private sector, in universities, and elsewhere. They're hard. "Hard things are hard", as they say.

The current government has tried to apply the lessons from Goss Gilroy right away and to make some strides on that. You will see in the budget implementation act, which is days away from being passed, stronger legal authorities for the chief information officer at the Treasury Board to direct departments and impose standards and for the role to have real teeth instead of being just an advisory role. I think that's a very positive development.

We established out of some funding from the last budget the Canadian Digital Service. Minister Brison is a great champion of the migration to digital services, and there are many stories I could tell you about progress on that.

I can say on the Phoenix thing that this is where I do agree with the Auditor General's first report: there isn't really any option of restarting. We have to move forward. If we don't deal with the underlying complexity of the classification system and the thousands of payrolls and we just go back to the same vendor community, we will get the same answer.

Mr. Paul Lefebvre: With respect to your annual report, I welcome your comment that you've made this report and that no committee has asked you to appear. Certainly I will suggest that this committee ask you to appear, maybe on an annual basis, to look at the report.

Given the fact that we deal with deputy ministers all the time and that after the Auditor General's reports we call in the deputy ministers and ask them for their recommendations or ask them why the management system has not been perfect in certain situations, I will make sure, Mr. Chair, that we ask the Clerk of the Privy Council to appear before us to show us his report so that we can ask questions on the public service and how we can improve it.

The Chair: Thank you very much, Mr. Lefebvre. We will discuss that at a later date.

We'll come back to Mr. McCauley, please.

Mr. Kelly McCauley: I want to get back to what I was alluding to earlier about public trust and the confidence that Canadians and public servants can have about other major programs going on within the government.

Has there been any discussion about project audits, or changes to how we're doing things, to prevent another Phoenix issue?

Mr. Michael Wernick: I think I can say yes. Project management is a very specific skill. It's teachable and credentiable. We have been putting a great deal of effort, led by the comptroller general's shop at Treasury Board, into building project management capacities in the public service.

Mr. Kelly McCauley: Have there been changes since the whole Phoenix thing blew up? Can you give us quick details of that and tell us what projects you might be looking at?

Mr. Michael Wernick: I can rattle off a few examples. It's probably a question to put to the secretariat of the Treasury Board about specific projects that come across their transom. I have a role in personnel, and I recommended to the Prime Minister that the comptroller general, who has real depth and expertise in costing and project management, go to the Department of National Defence because it was getting a whack of money in the new defence policy. He's now very involved in the implementation of the defence policy, sitting in the defence department. That's an example of how things have moved forward.

Mr. Kelly McCauley: Who is that, exactly, when you say he's sitting in the defence department?

Mr. Michael Wernick: Bill Matthews is the senior associate deputy minister. He came directly from the role of comptroller general of Canada and knows a lot about costing—

Mr. Kelly McCauley: I'm glad you brought that up, because this leads to my next question.

The Parliamentary Budget Officer put out a report last year on the costs of the combat surface vessels, about $60 billion. One issue he had was that despite being granted the powers under the parliamentary act to access the RFPs and other costings, he was blocked by the bureaucrats from accessing this information, to the point where he had to go to the States to access American costs to bring back here to extrapolate. We brought it up repeatedly.

Again, here we have, perhaps, in the Phoenix case, a bureaucrat ignoring the rules, blocking the PBO from delivering a proper study on what could eventually be an $80-billion project. Might this be of concern to you? In the past with Phoenix, we've seen the bureaucrats blocking information to ministers; now they're blocking the PBO.

● (1630)

Mr. Michael Wernick: I think that gives me the chance to point out the multiple lines of oversight. The Auditor General of Canada and the Parliamentary Budget Officer are often crossing into each other's swim lanes. We also have the Commissioner of Official Languages, the Privacy Commissioner, the Information Commissioner, the Commissioner of Lobbying, and the Integrity Commissioner—

Mr. Kelly McCauley: Right, but I'm asking specifically on this issue of the PBO not being able to access information, Mr. Wernick.

The Chair: Let him finish.

Please continue.

Mr. Michael Wernick: If I could, there are eight officers of Parliament constantly asking for information, analysis, and research. We thought that there was duplication and overlap between the Parliamentary Budget Officer and the Auditor General, and that has been clarified. You will have seen that the budget act from last year put the Office of the Parliamentary Budget Officer on a statutory basis for the first time in its existence. It used to be a creature of the Library of Parliament; now it is independent. It has statutory authorities. It will be costing political platforms next year, and so on. We have strengthened the role of the Parliamentary Budget Officer.

Mr. Kelly McCauley: Right, and I'm not criticizing that. I'm glad the government strengthened it. My specific question is, as we've seen with the Phoenix issue—and I've read through it for two and a half years—we've constantly had bureaucrats blocking information to the minister, not serving public servants or taxpayers or government well. I'm asking about oversight for other major projects.

Here we have one at $60 billion to $80 billion. The Parliamentary Budget Officer, who has the right to access that information, is being stymied not by the minister but by bureaucrats, perhaps the same types of bureaucrats who were not truthful or forthcoming on Phoenix issues. I'm wondering if this is a culture issue within our public service. Is this a rogue issue? It's a concern. Here we have a very large project dwarfing Phoenix cost-wise, where we have a bureaucrat denying the Parliamentary Budget Officer access to something. It goes to public trust and trust as parliamentarians in our system when they can't access what should rightfully be theirs.

The Chair: Thank you, Mr. McCauley.

Go ahead, Mr. Wernick.

Mr. Michael Wernick: I have no specific information on that case. I think there is room for legitimate debate and discussion with the officers of Parliament on their questions and the way in which data and information is presented and packaged. They're often asking for analysis and research, not just data.

The Auditor General does not have unconditional access to anything he or she asks for. The Supreme Court was very clear on that point. Cabinet confidence matters, and part of my job is to defend cabinet confidence.

Mr. Kelly McCauley: That would be for the Parliamentary Budget Officer, not the Auditor General, though, but I appreciate that.

The Chair: Thank you, McCauley.

We'll now go to Mr. Chen.

Mr. Shaun Chen (Scarborough North, Lib.): Thank you, Mr. Chair.

I also want to acknowledge that it's National Public Service Week. Truly, I agree with the sentiment that's been shared around the table today that our public service does incredible work. Certainly we are here to look at ways in which we can improve and do better.

I've heard Mr. Wernick take issue with the Auditor General's chapter zero, specifically not agreeing with the "sweeping generalizations", as he put it.

I read through chapter zero and tried to focus on what the Auditor General explained as the incomprehensible failure. He said that his work was able to determine what happened and how it happened, but his audit could not explain why it happened.

He speaks about the culture. Specifically he writes, "Organizational culture is often talked about, but it is difficult to define or measure, so it needs to be described." He goes on to say, "I want to be clear that the current government did not create this culture—it inherited it—but it now has an opportunity to shape it for the better."

Mr. Wernick, you spoke about the fact that there need to be profound structural reforms in the public service moving forward. Can you describe and explain what you mean by that?

● (1635)

Mr. Michael Wernick: First of all, let me take a little bit of issue with the way you framed the question. I don't want to get drawn into a partisan debate about "You broke the public service"—"No, you broke the public service." My message to you is the public service is not broken. It's healthy, and it is learning and it is getting better. We learn the lessons and we move forward. I warned the Auditor General that his report could be weaponized and turned into partisan politics, and I think I've been proven right on that.

The issue that nobody really wants you to talk about is the underlying human resource system. We have 79 classification ladders. We have 650 distinct classification groups. We have thousands of special payrolls and allowances. It would be very challenging to build a pay system that can cope with all of that at a level of excellence. I think I would not be lured into spending a lot more time and energy on the forensics of what happened unless it's going to inform a way forward.

My advice to you is that we have to do some structural reform on the public service. There are too many layers. I joined the public service 37 years ago and I have climbed 15 layers to get to the job I have now. I'm very proud of that, but I'm dismayed there were 15 layers. There should have been fewer. I don't think we need five layers of executives. I don't think we need all the layers and complexity in the underlying HR system. If we're going to be nimble and fast and move people from place to place, from task to task, from work to work, we're going to have to have a 21st-century human resource system underneath it, but that's something the unions have a veto on because most of it is collective bargaining territory. It's going to be a big challenge to change that.

Mr. Shaun Chen: If I hear you correctly, the complexity of the current HR system, the fact that there are multiple layers of bureaucracy, makes it not possible to implement a pay system that would be able to handle—

Mr. Michael Wernick: I wouldn't say "not possible"; it just makes it a lot more challenging. There are a lot of special pay rules and special allowances. People are getting promoted and have to be given back pay because we have a lot of narrow bands of classification. It's not a panacea and it's not the only issue: there are technology issues and vendor performance issues and oversight issues. There are lots of things that would contribute to a better pay system, and Ms. Raitt alluded to that.

If we go back with the same HR rules to the same vendor community, we're not going to get a high-performing pay system; we'll get an adequate one.

Mr. Shaun Chen: That understanding was there, and I'm trying to tie it back because the Auditor General talks a lot about the need to change culture.

In recognition of what you just said, do you believe that the culture would have enabled the staff involved, the people who work in the system, the people who are part of these different layers of bureaucracy, to be able to articulate in an impactful way that such a pay system would be very challenging to implement, given the circumstances under which they operate?

The Chair: Thank you, Mr. Chen.

Go ahead, Mr. Wernick.

Mr. Michael Wernick: I have said publicly many times that we are too bureaucratic and we need to be streamlined, simplified, and more agile. There are approaches to getting there that would make us more effective. The pace of change out there in the economy, in society, in the world is such that we just have to be able to move more quickly to offer solutions to governments and improve the kinds of services we deliver. That's an ongoing challenge.

I do take issue with a generalization of a cultural problem. The very same department—public works, public services—delivered the parliamentary precinct project. Over 10 years, there were 20 different construction projects. You're about to move to the West Block and other facilities. All of those projects were on budget, on time, and fully functional. It's the same ministers, the same deputy ministers, and the same department, so the generalization doesn't even hold up for the whole department. I certainly don't think it holds up for the entire public service.

● (1640)

The Chair: Thank you, Mr. Wernick

We'll now move to Mr. Christopherson.

Mr. David Christopherson: Thank you, Chair.

I'm glad you had an opportunity to respond. It's not meant to be a kangaroo court; it's meant to be an opportunity to exchange ideas and thoughts.

Since we're doing a little nitpicking back and forth, I would just say, in terms of that court decision, that no Auditor General has ever asked for cabinet confidences. They have no interest in what staff recommend to cabinet. It's not their business. It's not what they do. They don't care. The problem has been that information the Auditor General is entitled to, such as whether the staff have done the proper work to make sure the minister was informed to make the right kind of advice to cabinet, has been often swept under cabinet confidence by different governments that didn't want to release the information, so we get into these tug-of-wars. In terms of the raw information that Auditors General want, they are entitled to that, and they don't want the political stuff; they do everything they can to stay away from it.

Second, on chapter zero, it sounds as though I'm wrong. I stand corrected and I apologize. It also proves that Michael is no politician.

Let me also now move to a couple of comments to reaffirm what I've said earlier and my conclusion in terms of where I think we're going or not going. This is from the report:

> As I said earlier, the bottom line is that the culture has to change. I don't have a set of instructions to fix a broken government culture. But I know that the first step has to be to describe the current culture, which I have attempted to do, although I may not have captured everything. The second step is to admit that the culture problem is real and that it urgently needs to be fixed. How to fix it will be up to the government and the public service. The silver lining is that while there is a culture problem, the recent public service survey shows that the average public servant wants the culture to change, and wants to work in a culture that focuses on results for people.

Next, the reason I'm so disappointed in the direction that this discussion is taking today is that we have a perfect opportunity to do this in a climate where there is no weaponization or politicization of this document. The Auditor General has said that this has been going on for decades, that it is not the result of the Harper government such that we're going to go after them and demonize them some more, and it's not the result of the current government such that we're going to do everything we can to take down the current Prime Minister and replace him in the next election. The Auditor General is saying this has been going on for decades, and if we want to place blame, there's blame to go around for everybody. Coming from one of the parties that's never been in power, I tell you I'm not interested in blame. We do that in the House of Commons during question period and a whole lot of other places, but not here, colleagues.

I want to quote another couple of lines from the Auditor General's report, since again the Clerk has a different view from the Auditor General's.

The Auditor General says, "I am not assigning political blame, but my view is that both governments had opportunities to prevent the incomprehensible failure that Phoenix became."

Let me just say what a great opportunity this is for us. Nobody's saying this is about partisan politics. It's about the culture. What a great opportunity. Nobody needs to feel defensive, colleagues.

He goes on to say, "A standard lessons-learned exercise won't prevent future incomprehensible failures. Phoenix is a defining moment—a wake-up call—that goes well beyond lessons learned. It needs to lead to a deeper understanding and correction of the pervasive cultural problems at play."

He continues: "What follows is my description of the culture in the federal government—a culture that has evolved with each passing decade. I want to be clear that the current government did not create this culture—it inherited it—but it now has an opportunity to shape it for the better."

The last thing I want to say, Chair—a little indulgence, 30 seconds—is that we need mainstream and social media to jump on this and make it the issue that it is. I know the Phoenix thing gets all the headlines. It's nice and easy and it's the politics and it's sexy, and I get all of that, but this is what's underlying, what's causing Phoenix. If we don't see this as a focal point, it's going to go on and on, and basically this will get swept under the rug. That's where we are right now. Either this becomes an issue that we care about.... I think we need some outside pressure here from somebody in the media, from those who have access, who will focus on this and say, "Hey, this is a big deal. Please take this unique opportunity, where there's no political blame, to fix it."

● (1645)

We're the ones who should be providing the leadership to do that.

Chair, thank you for your indulgence.

The Chair: Thank you.

Just with respect to that, I'll take a little bit of the chair's prerogative here and say that one of the issues around having a meeting like this one is that in our offices all of a sudden we've been getting letters from people in the public service. This one was sent to me in advance of Mr. Wernick's appearance at PACP today: "I want to send you some thoughts on the culture of the public service that could have led to this Phoenix disaster."

He says he worked at such-and-such a ministry and had been there for quite a few years. I won't give you the years or where he works.

He continues, "I had the pleasure of serving as an advisor to the deputy minister for one of those years. In my time in that office, I was profoundly disappointed to see how priorities were set—in short, the only concern to be satisfying the mandate letter commitments of the minister."

He goes on and lists other things: "Having seen this up close and personal, I was entirely unsurprised by everything I read in the Auditor General's report. If MPs really want to tackle the broken culture of the public service, they could begin by demanding those responsible for the Phoenix mess to be held to account. As it stands, no one is ever held responsible for the screw-ups. People are simply shuffled into different positions."

There is part of the culture. I think the Auditor General also mentioned that some of these deputy ministers are here for a year or two and then shuffled off to another department. I think that's part of what he says is the problem.

The Auditor General says, "In this culture, for a public servant, it is often better to do nothing than to do something that doesn't work out."

The fear of risk: is that part of the culture? We're getting letters from public servants saying that this culture needs to be fixed.

Lisa...or Ms. Raitt; I'm sorry.

Hon. Lisa Raitt: You're allowed to call me Lisa, Mr. Chair. That's okay.

Picking up from what Mr. Christopherson and the chair said, if this were an isolated incident in which only the Auditor General was pointing to the culture issue, then I could accept the fact that it has no evidence, but we do have another individual, the Public Sector Integrity Commissioner, Mr. Joe Friday, who testified a year and a bit ago to the government operations committee. He said that "there cannot be an effective whistleblowing system without a culture shift —where speaking out about potential wrongdoing is an accepted part of public sector culture and where this can be supported and responded to in a climate free from fear of reprisal."

I mean, he raised the alarm last year, Mr. Wernick, that Canadian bureaucrats will never routinely speak up about wrongdoing in the federal government until a deeply rooted culture of anxiety over whistle-blowing is eliminated. That's the beginning point. I don't know whether or not the Auditor General is actually out too far on a limb when he brings that up in the context of decision-making around Phoenix.

That said, I know that you've put mental health in your mandate letters for your deputies, and I think that's commendable. I think it's very good that people have to look after their workers within their own departments. I'm wondering whether or not there's room for you, going forward, to somehow deal with an issue that is apparent to other people who monitor the public sector but maybe is not as accepted at the higher levels that you work in.

Mr. Michael Wernick: Sorry, what issue is that? What was the question?

Hon. Lisa Raitt: What is your plan going forward for dealing with the issue of culture now that it's not only the Auditor General but also, previous to that, the Public Sector Integrity Commissioner who raised questions about culture? We are receiving commentary from individuals within the service. I have received commentary from individuals within the service. I mean, that's our role as MPs. That happens to us.

Do you have a plan to deal with it going forward—not admitting to the fact that there's a problem but admitting to the fact that there's discussion about a problem, and therefore that it should bring something in terms of moving forward?

Mr. Michael Wernick: Yes. I commend you to my report and all the speeches I've given on this topic. We definitely have to move on the culture. I would recommend the committee look at the incentive and disincentive structure within which people operate.

I go back to my opening remarks. If the diagnosis is wrong, you will prescribe remedies that could do great damage.

You alluded, Mr. Chair, to rapid turnover of deputy ministers. The facts speak otherwise. I have the evidence for that. The Auditor General left an impression that is factually incorrect, and you can correct that with evidence. The way to measure deputy ministers' tenure is how many years they were in the job from start to finish. If you look at the 33 deputy ministers whom I have some influence over, and the last three terms they completed—not the snapshot of the ones that are in now and haven't run out their clock—you see that's 99 deputy terms. Thirty-three ministers completed terms, and three.... Forty-nine of those were for more than three years, which is the benchmark this committee suggested in previous reports; 27 were in their jobs for more than four years; and 16 were in their jobs for more than five years. The median and the average are both greater than three years, so my view is we don't have a pervasive, generalized problem with deputy turnover.

They have a cumulative experience, on average, of about 20 years of experience as an executive in some form or another. I have worked hard to bring in other skill sets and talents. I have hired two provincial cabinet secretaries. We have brought in the chief of the defence staff as a deputy minister, and we have brought in people who have been private sector CEOs and have run think tanks. We are always trying to improve the leadership cadre that runs the public service.

Officers of Parliament have their role and have their opinion, but they are outside observers. The important thing for Canadians to understand is that all of these were designed to ensure Canada is well governed. All in all, Canada's public service is free of nepotism, free of corruption, and free of partisanship. There will be errors and exceptions to that, but they are detected, corrected, and remedied.

It's important in this day and age that Canadians have some confidence in their public institutions, and I am committed to making them better as we go along.

We have an annual survey now. The letters and the emails from constituents are an important feedback loop, and I understand that, but they are the people who are motivated to write to you, so we have tried to go to an annual comprehensive survey. The results of that survey, not all of which are flattering, are in my annual report. It's on the Internet.

● (1650)

The Chair: Thank you, Mr. Wernick.

Go ahead, Mr. Arya, please.

Mr. Chandra Arya (Nepean, Lib.): Thank you, Mr. Chair.

Mr. Chair, I have lived and worked in several countries. One thing I should say is we have one of the best public services in the world. I know there is no corruption. Public service employees here are very well qualified, and as Mr. Wernick mentioned, yes, sometimes mistakes do happen with 270,000 employees and 6,400 executives. Mistakes do happen, but if corrective action needs to be taken, it is taken.

Mr. Wernick, I have a question in terms of the decision-making. What decisions are made at what level? On Phoenix, IBM was appointed to develop and implement it. In 2012, IBM said Phoenix would cost $274 million to build and implement, but the Treasury Board had approved only $155 million in 2009. If anybody asks me, they can trace back the problems of Phoenix to one single major factor, which is this: IBM said it required $274 million, but the budget available was $155 million. Still the decision was made to go ahead with the same budget.

I would like to know at what level the decision was made. Was it at the Phoenix executive's level, or the associate deputy minister's level, or the deputy minister's level? At what level was the decision made to go with this low budget?

Mr. Michael Wernick: Budgets of departments and projects and initiatives are set by the Treasury Board, which is a committee of ministers. It's established under the Financial Administration Act. Any new resources flowing to a department or any major projects are approved by Treasury Board. It is the government's management board, so that's when the budget would have—

Mr. Chandra Arya: I'm sorry. I have very limited time.

Mr. Michael Wernick: Then the officials are expected to work within that budget and to deliver with that, and, as I said earlier, they have no mechanism to ask for more resources if their minister will not go back to Treasury Board.

● (1655)

Mr. Chandra Arya: Do you think that the deputy minister did not approach the minister, or that the deputy minister opposed the minister stating that this budget was equal to about 55% of the requirement? Should it have proceeded?

Mr. Michael Wernick: I don't know the specifics, but I think the context is not presented to you by the Auditor General. If I understand the report—and you can ask Mr. Ferguson about that—there was a window in the fall of 2012, or maybe 2013, when Treasury Board established the budget for the project in which it could have been resourced differently. That seems to be his suggestion, that somebody could have asked for more resources at the time. My point is that it was really a decision for the minister to approach Treasury Board ministers, and for Treasury Board ministers to make, obviously on the advice of the officials. I don't know specifically what the advice was, but I would remind you that at the end of March of 2012, the government delivered its deficit reduction action plan budget and announced its intention to lay off 19,500 public servants. It would have been a very brave minister who asked for new resources in the fall of 2012.

Mr. Chandra Arya: Then it is possible that the minister in charge in 2012 declined to go to Treasury Board to ask for additional funding that was required to build and implement the Phoenix system in full, and that because of that one single wrong decision by the minister, we have this problem today?

Mr. Michael Wernick: I don't know what the considerations were at the time, and my job, as I said earlier, is to protect cabinet confidences. You can ask the ministers and the deputies at the time. My view on the pay system, as I said earlier, is that you will not find a single decision point or a single explanatory factor. It was a compounding of many issues. The resourcing issue seems to have been set in 2012, and all of the incentive structure—which, maybe, I'm not getting across—within which officials were expected to operate was, "This is your budget. Deliver the project."

Mr. Chandra Arya: You talked about multiple layers of oversight. The Auditor General specifically mentions oversight, I think, in three or four different places. To put it in a nutshell, he said that Phoenix was an incomprehensible failure of project management and oversight. You say there are multiple layers of oversight, whereas the Auditor General says there was no oversight in the building and implementation of Phoenix. Where do you think the difference is?

Mr. Michael Wernick: I think clearly there was not effective oversight. There was lots of oversight, and he sets that out in the report. There was a breakdown in the oversight, not a lack of oversight. I've tried to convey to you all the kinds of channels of feedback and oversight under which a department or a deputy head operates.

The Chair: Thank you, Mr. Wernick.

Ms. Raitt is next, and then Ms. Yip.

Hon. Lisa Raitt: Mr. Wernick, with respect to the government's position on the AG's report, the Treasury Board president indicated that his response to it was that the department will ensure that independent reviews are conducted on all such projects in the future and that deputy ministers and senior executives responsible for them will be made aware of the findings. He acknowledges that there are questions about the culture change and he says some of this needed culture change is simply a matter of unleashing the creativity, energy, and enthusiasm of Canada's world-class public service. He cautioned that making such a shift would not happen overnight, but he is agreeing with the AG that a culture change is needed.

Now, at the very beginning, Mr. Wernick, you indicated that you thought the analysis of the AG was not based on enough evidence and that it was overstated. I can't remember your exact words. If you could tell me your exact words again, that would be really helpful. Do what the minister said and what you're telling the committee today line up?

Mr. Michael Wernick: I'm in complete agreement with Minister Brison that we need to improve the culture of the public service and promote innovation and creativity. There are specific ways to do that, and there are specific remedies that this committee could recommend.

I'm not saying we don't have a culture problem. We are risk-averse. We are bureaucratic. We do tend to cling to process. We do tend to cling to rules. I have talked about this many times. There are ways that we can change the incentives and the disincentives to be more nimble and more risk-taking and more agile while being extremely responsible for the stewardship of public resources.

Hon. Lisa Raitt: Do you think it's appropriate to have an independent review of the culture within the federal public service?

● (1700)

Mr. Michael Wernick: I'm always open to advice.

Prime Minister Harper had an advisory committee on the public service. I commend to you Dominic Barton. I commend to you Michael Sabia, who has run large private corporations and also worked in the public sector. I think it's reasonable for parliamentarians who care about the public service to go and look for advice. I do not agree with the idea of a commission of inquiry that is forensic and entirely looking backwards, and looking for who did what, and when.

If you want to take a serious look at the public service and how to improve it, I'm all in.

Hon. Lisa Raitt: Mr. Wernick, in trying to get to the bottom of what happened with Phoenix, you wrote to all of your deputies and asked them to write you back and tell you specifically what was going on in each department, and you published the replies on your website. Is that something you would entertain with respect to the culture—for these deputies to analyze the culture in each department so that all Canadians can understand what the public sector is talking about so that they aren't tarred with chapter zero of the Auditor General's report?

Mr. Michael Wernick: Yes. To be very clear, on the governance point—and I don't want to get too bogged down in this—I do not have any executive authority to tell a deputy minister or any public servant, outside of the Privy Council Office, what to do.

I do recommend promotion, movement, and performance pay to the Prime Minister, and I'm able to do that through an annual cycle of agreements on what their goals are. We review performance, and on that basis I recommend performance pay. I take full responsibility for advising the Prime Minister on the deployment of deputies and whether they stay or whether they move. These commitments do have leverage, and I've used them in specific areas, such as mental health and others.

I don't know how exactly you measure organizational culture. I don't know what they would report back with. On the pay system, I think it was important to make clear to Canadians that departments were taking pay seriously on things that they had some control over—training, emergency pay, and relief. These were things they could make some strides on in their own department. I asked everybody to write in and say what they were doing. I told them in advance that we would put them all on the Internet so that Canadians, including parliamentarians, could take a look at them. That's a technique we can use.

For the best way to get a culture, I think I'll defer to expertise on that. It's a different methodology. You have to do surveys. You have to do deep dives. I just don't think you should be lured into making general statements that there is a certain culture across 300 organizations and all of its subunits spread across all of the geographic locations. There are some very strong and healthy organizational cultures and there are some very troubled ones. The art is going to be knowing which is which and to have the right incentives and feedback loops to correct the ones that need correcting and to emulate and copy the ones that are strong.

Hon. Lisa Raitt: Thank you for saying that you take advice, that you take suggestions.

My suggestion is that, number one, you can determine what the culture is in each subdepartment and you can ask a deputy minister to quantify, clarify, and report to you what it is, specifically if two outside, independent officials are telling you that there seems to be a culture issue and members of Parliament around this table are telling you that there seems to be a culture issue. I would hope that you listen to the advice the committee has given, or at least that members of the committee are giving, with respect to getting your hands around this issue, because I do think it is a very serious one.

The Chair: Thank you, Ms. Raitt.

We'll now move to Ms. Yip.

Ms. Jean Yip (Scarborough—Agincourt, Lib.): Thank you for coming.

In your view, are there enough consequences for poor performance in the public service, and what can be done about it?

Mr. Michael Wernick: No, there are not.

The Chair: The second part of that question, sir, was what can be done about it?

Mr. Michael Wernick: It's a big topic, and one you might want to spend some time on.

Senior leadership positions basically fall into two categories. There are the heads of crown corporations and specialized agencies, officers of Parliament, and so on. They tend to have fixed terms, employment contracts, and the severance clauses and all the disciplines that go with that.

Deputy ministers, in the sense of ministers who run departments and are close to ministers, have no job security. They do not have formal employment contracts, and they'd have no entitlement to severance. They operate with totally precarious employment.

Below the level of deputy ministers, if you're covered by the Public Service Employment Act, then you have very strong job security. You can only be terminated for cause, which is a legal test. It is extremely difficult to fire people in the public service for poor conduct or poor performance.

● (1705)

The Chair: Go ahead. You still have three or four minutes.

Ms. Jean Yip: So there's nothing at all to make it easier to—

Mr. Michael Wernick: You would have to change the employment law, and that would be a matter the public service unions would have strong views on.

Ms. Jean Yip: If there was one thing you could fix about the public service for the future, what would it be?

Mr. Michael Wernick: I think the time is right—maybe after the next election, not in the last year of a Parliament—for a structural change to the public service. I think that we have made a lot of progress under successive governments on openness and transparency, opening government up to Canadians. These are decisions built up over the years with a lot of pressure from this committee and from others.

This is the bucket I would call glasnost, openness. All grants and contributions are on the Internet. All contracts are on the Internet. All travel and hospitality are on the Internet. Every single performance and measure used by every department is on the Internet. We've moved forward in strengthening the role of the parliamentary budget office and the chief information officer. We've strengthened the role of the chief statistician. This government has worked hard on open government, although it was something that Minister Clement pursued in the previous government, which is why we're ranked number two on open government in the world. We have something called GC InfoBase, which makes all kinds of data available to you and to other Canadians, which is just getting better and better, and so on. We have made some movement on cabinet confidences, access, and those sorts of things.

I think in opening government, we've made an enormous amount of progress, but the basic structures of government are those of the 1980s, and so we have to look at layers; we have to look at occupational groups and categories and how work is organized. That is not going to be an easy task. It's largely a matter of collective bargaining, and it's not going to be easy to change, but I do think it would be worth it. I don't expect to be around to see the end of that process, but I do encourage you to take a serious look at it.

The Chair: You have another minute.

Ms. Jean Yip: Do you think the public service has done enough to embrace digital technologies to streamline their processes?

Mr. Michael Wernick: I think there are enthusiasts and there are resisters out there, as there are in life. I commend Minister Brison for creating the Canadian Digital Service. My report gives lots of examples of moving things to digital platforms successfully. You probably haven't heard about them, because they were on time, on budget, and fully functional.

The airport kiosks that are operated by the Border Services Agency, the electronic travel authorizations that allow people to apply for alternatives to visas, the installation of Environment Canada's supercomputer, the replacement of the mainframe underneath the employment insurance system, which was completely replaced without dropping a day of work, are all technology success stories, and you probably haven't heard of them. It's not a complaint, but your eyes are drawn through the feedback loops to the things that didn't work as well.

There is a lot of opportunity to move government services to smart phones and the way that Canadians want to get services. We're very good at the external services. I would argue we're one of the best public services in the world, and we are serving Canadians in the way they want to be served. Eighty per cent of the interactions of Canadians with their government are now on the Internet, about 20% are by phone, and maybe the rest are walk-in services. We're good at digital government services. We are not good at internal services like pay, finance, and other things. What we do to each other as public servants needs the same hacking and the same digital approach, and I'm very happy that Minister Brison wants to take that on in the specific area of the pay system.

The Chair: Thank you, Ms. Yip.

Mr. Christopherson is next.

Mr. David Christopherson: Thank you, Chair.

In turning our minds to where we go from here, my fellow vice-chair and friend, Madam Mendès, has come up with a course of action that certainly I can support. I've had a chance to talk to Conservative colleagues, and if we get enough support, I would suggest that it's a good path forward in terms of next steps for the committee. I don't want to steal her thunder, so with your permission, Chair, through you, I would offer my time to Madam Mendès to put the issue in front of committee with her recommendation.

● (1710)

The Chair: That's fine. Is this for the committee business portion?

Mrs. Alexandra Mendès: It would have been, because it is—

The Chair: There may be some more questions, but it's in order to have a question or a motion if it's related to this. I haven't seen the motion, but please take some time and—

Mrs. Alexandra Mendès: Please give me a bit of leniency.

The Chair: Yes.

Mrs. Alexandra Mendès: I just wrote it, so this is somewhat "drafty". It reads, "That the Standing Committee on Public Accounts invite the Auditor General for a further meeting of one hour on his message, on the 14th of June, 2018, and that we give instructions to the analysts on the committee's report on the AG's chapter zero.

This would be in camera.

Mr. David Christopherson: What would?

Mrs. Alexandra Mendès: Well, the instructions for the committee, yada yada. We have to do that in camera.

Mr. David Christopherson: Oh, yes.

Mrs. Alexandra Mendès: Then we would cancel the invitation to the deputy minister for Thursday, for the—

Mr. David Christopherson: I have a point of order, Chair.

Just to be clear—because these things are happening in real time, if you will—I think that in fairness, we should invite the AG for up to the same length of time as we had the Clerk here today.

Mrs. Alexandra Mendès: He has already come on his message.

Mr. David Christopherson: Yes, but not in response to what we heard here. We don't have an easy issue in front of us. I didn't want to limit the AG to an hour. If we can do it in an hour, fine; I don't want to stay longer than anybody else, but—

The Chair: This Thursday, we have already invited and received acceptance from the minister responsible for Phoenix.

Mrs. Alexandra Mendès: We can uninvite.... It's the deputy minister.

The Chair: Right. It's not the minister, but the deputy minister. I would remind the committee that we have also stated very clearly in the past that we wanted to have them here before the break in the summer.

Mrs. Alexandra Mendès: What we stated very clearly is that we wanted to have the previous deputy ministers, who are coming, I believe, on June 19.

The Chair: No, they are not.

Mrs. Alexandra Mendès: Oh, okay. That's changed.

The Chair: There are some in Europe. There are some all around. There are some not even in Canada right now, so they're unavailable.

Mrs. Alexandra Mendès: I think that dealing with the message of the Auditor General is more important than dealing with specific chapters right now. This is what I brought. This is why we have Mr. Wernick here today. We are dealing with that famous chapter zero, which you don't like, but that is the name of the chapter. If we want to do this in the proper way, before we even go into the detailed chapters of each department, this—in my view, in our view—is what we should do. We should complete this chapter.

The Chair: Madam Mendès, we have an opening on June 19.

Mrs. Alexandra Mendès: Well, apparently now, yes.

The Chair: We could invite the Auditor General on June 19 and keep the schedule that we've already accepted intact, rather than telling Phoenix, "No, you aren't needed."

I think it's timely that we have Phoenix. When I did town hall meetings, my constituents wanted answers from Phoenix. We said we wanted those answers before summer, and that's why we invited them. They're able to come. We do have an opening on June 19 when we could have the Auditor General.

Mrs. Alexandra Mendès: Well, my point about Phoenix, which I've made before—this is not something new—is that we've had the current deputy minister. She cannot enlighten us on the chapter that the Auditor General brought to us. This is about previous decisions, not about what's happening now or in the future.

The Chair: We have had the current deputy minister dealing with Phoenix here on a previous chapter from the Auditor General—

Mrs. Alexandra Mendès: Exactly.

The Chair: —but not on this.

Mrs. Alexandra Mendès: Precisely. She came on the chapter that concerns her mandate, meaning the launch and afterwards, and what corrective measures she's putting forward. It's not about what happened before, which is the chapter that this current report is about.

The Chair: Okay. Thank—

Mrs. Alexandra Mendès: Am I missing something? Isn't what the report was all about this time the underlying issues that led to the failure of Phoenix?

The Chair: Yes, that's exactly it—the underlying issues that led to the Phoenix failure.

Mrs. Alexandra Mendès: That's what it was. Yes, exactly, so this is not—

The Chair: And it's this chapter as well. In fact, I think that most of what the Auditor General says in this report is concerning Phoenix.

I have Mr. McCauley and, I think, Mr. Christopherson.

Go ahead, Mr. McCauley.

Mr. Kelly McCauley: Just briefly, she was there before the second rollout. She should also, I would assume, at that level, have done some research into what happened beforehand, and she can perhaps answer some of the questions.

I think the cultural issues the AG was referring to also cover some of the issues relating to why it has taken two years to perhaps stabilize it. This is not about a Tory versus Grit type of thing, but about how the culture of the executives led to it still being an issue two years later.

● (1715)

The Chair: Go ahead, Mr. Christopherson.

Mr. David Christopherson: Thank you, Mr. Chair.

As you know, I've been away; I'm just catching up.

Can I ask what the work plan is currently for the 14th, the 19th, and the 21st?

The Chair: The 14th currently is to call the minister of the department dealing with Phoenix to be here. On the 19th, we were hoping to invite former deputy ministers, who we've found out are unavailable, some not even in the country. On the 21st, we have no meeting.

Mr. David Christopherson: Just in case—

The Chair: Right now we do not have anything on the 19th.

Mr. David Christopherson: Therefore we run the risk that if we don't have the deputy on the 14th, then we can't necessarily have them on the 19th, and therefore we might not have them.

The Chair: That's right.

Mr. David Christopherson: Again, I wasn't here in the earlier days. I may sound like it, but I'm not being as pushy as I usually am in terms of my opinion.

I could live with our going ahead with the Phoenix chapter, just because we shouldn't lose it. I think your points are well taken, Chair. This affects a lot of people. They don't want us pushing that off, so I don't think we lose a lot....

My preference would be to make the switch, and maybe we could ask the deputy if they could help us out and make that switch. That would allow us to have the best process, which is that immediately following the Clerk—and we thank you for being here today, sir—we would have the AG to respond. That would be ideal.

Given the importance of it, Chair, especially with the way you framed it, if we can't get them here for the 19th, then I would suggest that maybe we'd be okay to stay with the 14th, but let's be sure we can get the—

Mrs. Alexandra Mendès: It's not the same thing.

The Chair: Let me just remind you that we are not certain that the AG is available on the 14th. It doesn't always work to phone the AG and say, "Be here." We work around his schedule as well. That's part of the problem of scheduling some of these meetings.

We were going to have Phoenix on the 7th, but—

Mrs. Alexandra Mendès: On a point of clarification—

The Chair: —because of the provincial election, we decided that if we wanted it before the break of summer, we wouldn't do it on the 7th, but on the 14th. They've accepted that. We do not know if the AG is available on the 14th.

Mrs. Alexandra Mendès: Absolutely, I agree, but on a point of clarification, the people we were inviting on the 19th were the former deputy ministers. It has nothing to do with the Clerk.

Mr. David Christopherson: Let's clear the 19th and put the AG in there, assuming the AG is available.

An hon. member: On the 14th.

Mrs. Alexandra Mendès: No—

The Chair: I have Mr. Massé.

[*Translation*]

Mr. Rémi Massé: Thank you, Mr. Chair.

Of course, I would have liked to have this discussion after Mr. Wernicke's appearance. His presence is important and I would have liked to continue the conversation.

That said, I would just like to clarify something. Clearly, our objective was to review the report on the Phoenix pay system with the deputy ministers and associate deputy ministers of the day. The report pertains to problems identified before the Phoenix system was launched.

Today, on June 14, only the current deputy minister of Public Services and Procurement Canada is appearing before the committee; that was not our original objective. We wanted access to the deputy minister of the day in order to discuss with him the problems identified in the report.

[*English*]

The Chair: It's highly unusual, and I may add unlikely, to have three deputy ministers here, some of whom are not even in the service. In fact, I'm not sure any of them are still in the public service. One of them is, I guess, but it's highly unlikely that we would have them with the current DM. The department and the current DM would typically show up.

I have never yet seen a committee haul in DMs from six years back and have them all at the same table—

Mr. Rémi Massé: It's a special case.

The Chair: —and Mr. Massé, we have not heard that they're unwilling to come, but it may be in the fall.

● (1720)

Mr. Rémi Massé: I see what you mean.

Obviously, this is a special case. This is an important report on an important project that has important challenges still, and we would like to have these people who have been witness to our—.

The Chair: Absolutely.

Go ahead, Mr. Christopherson.

Mr. David Christopherson: I still haven't heard anything that suggests we can't do what Madam Mendès has suggested.

If the deputy minister, on the 14th, wants to score some brownie points and help us out and move to the 19th, she can, but if not, my suggestion was that we stay with that meeting, but on the 19th let's set aside the idea of the previous deputy ministers and get the AG in.

That way, assuming we don't rise before June 22—which is not likely, given the current mood in the House—we could still go ahead, have the meeting on Phoenix on Thursday, and then on the following Tuesday, June 19, hopefully the AG will be available. If the AG is not available, that's a problem, and it may be that we just can't get the AG in before the summer break. It would be a shame, and maybe we could hold a special time that we could agree on that would meet that need to tuck it in.

However, I'm not sure that wiping out the 14th with the deputy minister of Phoenix in order to have the AG come in is the right thing to do. If the DM can voluntarily move and accommodate the AG for the 14th, everything is perfect; if not, let's go with Phoenix and hope that the AG is available on the 19th, and I would just leave it because we're running out of time.

If we can't do it on the 19th, is there any way we can find an hour and 15 minutes between then and now to hold that one session with the AG, so our staff can be working on the report over the summer? It's still fluid, Chair.

The Chair: Okay.

I have Mr. Arya, Mr. McCauley, and Ms. Mendès.

Mr. Chandra Arya: Mr. Chair, I have to disagree with my colleagues on this side of the table. I think the current deputy minister's availability is very important for this committee. She may not be the person involved in the Phoenix development that was covered by the Auditor General's report, but the acceptance of the Auditor General's recommendation is done by the current deputy minister and implementation of the recommendations of the Auditor General will be done by this current deputy minister, so we need her to be here.

The Chair: That's exactly what our analyst just told me as well, so you're correct, Mr. Arya.

Now I have Mr. McCauley.

Mr. Kelly McCauley: Briefly, that's exactly the point I was going to make, Mr. Arya. Thank you.

She is responsible for that, but she is also responsible if we are to believe there is a culture issue. She is responsible for that culture change in that department, which is responsible for this to begin with, so it would be wonderful to hear about that issue as well.

The Chair: Correct. Thank you.

Now we'll go to Ms. Mendès.

Mrs. Alexandra Mendès: Thank you, Mr. Chair.

This is a question of timeline. We know for a fact that we will not be finishing Phoenix before we rise. If the former deputy ministers are not available on the 19th, we won't finish before we rise, so what is the rush? Why don't we do chapter zero, which I believe is the whole point of the reports of the Auditor General this spring, or the most important one, and deal with that, finish that, and try to get a report going?

Mr. David Christopherson: Do you mean on the 19th?

Mrs. Alexandra Mendès: I mean on the 14th, because on the 19th we know we can't get the former deputy ministers, but if we only do the Auditor General on the 19th, we won't have time to give instructions or even get a draft of a report before we rise because there won't be time.

Mr. David Christopherson: Well, we'll hold the hearing and we'll give the—

The Chair: Just one moment.

Mr. Wernick had his hand in the air, or were you asking if you could leave, sir?

Mr. Michael Wernick: No, I volunteer to stay as long as your want.

I was just wondering whether I'd get a chance to make a very brief closing statement.

The Chair: Yes, you will.

Mr. Michael Wernick: Thank you.

The Chair: Go ahead, Mr. Christopherson.

Mr. David Christopherson: I rarely disagree with my colleague on process and I appreciate that she has provided the framework for this. I think that if we can go with the 14th for the deputy minister, we should, unless she can make the move to the 19th, opening up the 14th for the AG. That would be perfect. Then it would be Mr. Wernick, followed by the AG, directions to our staff, and then on to the meeting with the Phoenix—

The Chair: Just—yes, finish, please.

Mr. David Christopherson: Thank you.

Ideally, in a perfect world, the deputy minister coming in on the 14th would voluntarily agree to come on the 19th, and the AG would be available on the 14th. If that can't happen, then hopefully it will be the Phoenix deputy on the 14th and the AG on the 19th.

The fly in the ointment is if the AG can't do either the 14th or the 19th, but that's about as far as we can go in planning today.

● (1725)

The Chair: I am just being told by our clerk that on the 14th we have already received affirmation that the deputy minister of Phoenix is coming, together with the Secretary of the Treasury Board, who is planning on being here on the 14th.

Mrs. Alexandra Mendès: That will give us an idea of whether the AG would be available too.

The Chair: The AG will be there as well.

Mrs. Alexandra Mendès: That means he is available on the 14th.

The Chair: He would be available.

We're then rescinding our invitation to two—

Mr. Paul Lefebvre: Are we changing it to the 19th?

The Chair: The will of the committee initially was that we definitely wanted to have Phoenix before the break.

Mrs. Alexandra Mendès: But we won't, because we don't have the former deputy minister. We won't have it.

The Chair: No. Initially we wanted the deputy minister of Phoenix, the one, as Mr. McCauley said, who will be dealing with the culture.

Mrs. Alexandra Mendès: Agreed, but we also added the Clerk of the Privy Council. We also added the former deputy minister. It's not a static wish of the committee. We've been evolving in this. This has not been a once done, as you say....

Mr. David Christopherson: A one-and-done.

Mrs. Alexandra Mendès: —a one-and-done. It has been an evolving discussion since we've had the reports tabled.

For me it's a logical step. You deal with the message, which is chapter zero, and then you go to the other chapters. That's my—

The Chair: Thank you.

I have Mr. Massé first.

Mrs. Alexandra Mendès: Also, Mr. Wernick wants to have a closing statement.

Mr. Rémi Massé: To me, what Mr. Christopherson has proposed in terms of steps is fully acceptable. We can see if we can postpone the deputy minister and Treasury Board Secretariat to the 19th. That's option one. If that doesn't work, then we can go back to option two, on the 14th. My preference would be to go with the process that Mr. Christopherson has put forward. It's fair and it's reasonable.

The Chair: Thank you.

Did I have someone else on the speakers list after Mr. Massé?

Mr. David Christopherson: I was going to move the motion.

The Chair: You can come back and move a motion. Oh, no, you cannot, because we've already had a motion moved. Is that correct? We already have a motion on the floor.

Hon. Lisa Raitt: Can we have a recorded vote, Mr. Chair?

The Chair: The motion could be amended, but we have a motion on the floor, so I cannot take another motion.

Mr. David Christopherson: Can I make a motion later, please?

Mrs. Alexandra Mendès: Could I—

Mr. David Christopherson: Modify it and see if we can do it in one.

The Chair: Madam Mendès, are you moving the same motion?

Mrs. Alexandra Mendès: Yes.

The Chair: All right.

Mrs. Alexandra Mendès: I move that the Standing Committee on Public Accounts invite the Auditor General for a further meeting of one hour on the message or chapter zero on June 14, 2018, and that we give instructions to the analysts on the committee's report on the AG's chapter zero.

That part would be in camera.

The Chair: There is nothing in that motion in regard to what Mr. Christopherson....

Is that what you meant?

Mr. David Christopherson: We also still had one hour in there as opposed to equal time, but more importantly....

Surely we can find a meeting of the minds. Ideally, the 14th with the AG is the right thing to do, but I think the current thinking is that as long as we can merely postpone—to use Mr. Massé's word—from the 14th to the 19th what we currently have scheduled and if the AG is available on the 14th, that would give us the perfect timeline. If not, plan B would be that we stay with the deputies on the 14th and invite the AG for the 19th. I don't know if you take that as a separate —

The Chair: This now becomes something we're going to have to look at in a more involved way in the committee business time. I've given my word to Mr. Wernick that he's going to have a closing statement, so can we defer the vote to immediately following this meeting?

Mr. David Christopherson: Otherwise, we can just stay until Mr. Wernick is finished talking. I'm prepared to give him that. He gave it to us.

The Chair: All right.

Mr. David Christopherson: Let's do our business and then hear from Mr. Wernick.

The Chair: Are we ready for the question?

Mr. David Christopherson: I don't know.

The Chair: This is my point.

Mr. David Christopherson: It's still all over the map. What the motion is and what I described are somewhat different.

Mrs. Alexandra Mendès: What I understood from you, Mr. Christopherson, if I understood correctly, is that we should give the same amount of time to the Auditor General as we did to Mr. Wernick.

● (1730)

Mr. David Christopherson: Yes, I think so.

Mrs. Alexandra Mendès: I have no issue with that. If we finish earlier, then we can give instructions to the analysts. That's fine with me.

Mr. David Christopherson: Okay. That's a minor amendment.

Mrs. Alexandra Mendès: The amendment would be to take the "one hour" part from my motion.

Mr. David Christopherson: Okay. Then what about the order of the meetings, Madam?

Mrs. Alexandra Mendès: Oh, no, absolutely, transfer the meetings. Mine is on June 14th.

The Chair: Let's call the question here.

Mr. David Christopherson: I don't know what the question is, Mr. Chair.

Mrs. Alexandra Mendès: Mr. Chair—

The Chair: The question is—

Mrs. Alexandra Mendès: —that we invite him for the 14th. We know he's available, because he's coming for the minister.

The Chair: That's for the two hours, though.

Mr. David Christopherson: If I may, Chair, that's assuming the deputy currently scheduled for the 14th can make the 19th. If not, then we stay with the deputy on the 14th and hope the AG can make it on the 19th.

The Chair: That would be a separate motion—

An hon. member: Yes.

The Chair: —because this motion does not refer at all to the other....

I have a feeling that what we're seeing is pushing the DM out of the 14th. I have heard nothing yet from the government in regard to inviting them here on the 19th, so that will leave us—

Mrs. Alexandra Mendès: Well, no, because we thought we had the other DMs.

The Chair: Well, we don't.

Mrs. Alexandra Mendès: We just found out no, but that's what we had heard.

The Chair: We don't have anyone else on the 19th.

Mrs. Alexandra Mendès: You're pushing us into a no vote.

Mr. David Christopherson: We don't have a meeting of the minds. If we vote, we're going to divide. We haven't reached agreement yet.

The Chair: There is no consensus.

Mr. David Christopherson: That's right.

The Chair: That's why I've already been.... Ms. Raitt has asked for a recorded vote.

Mr. David Christopherson: That's why I think we should keep going. We're not there yet.

Mrs. Alexandra Mendès: But why have we not—

Mr. David Christopherson: What Mr. Massé and I are saying is not reflected in the motion.

Mr. Massé, maybe you can help.

The Chair: Go ahead, Mr. Massé.

Mr. Rémi Massé: It's just a question. Maybe I'm confused. On the 19th, can we get the list of deputy ministers and associates that we have asked? We can have one, two, or three.

You're saying no, so we can't have any of them on the 19th?

The Chair: None of them are available on the 19th.

The Clerk of the Committee (Ms. Angela Crandall): None of them, or they haven't responded.

Mrs. Alexandra Mendès: What you would like to see is that on the 19th we would have the current deputy minister, the Auditor General, and the secretary of the Treasury Board.

Mr. David Christopherson: That's currently scheduled for the 14th. We move it to the 19th—

Mrs. Alexandra Mendès: That moves to the 19th.

Mr. David Christopherson: —and the AG comes on the 14th. If either one can't do it, plan B would be to stay with the deputy on the 14th and invite the AG for the 19th.

The Chair: Is that all right? I'm seeing the affirmative. The question...?

Go ahead, Mr. Arya.

Mr. Chandra Arya: On a point of order, it's 5:30.

The Chair: All right. We're going to call the question. I am moving with the consensus. Let me just be very clear on what I'm hearing. I hear a motion that has stated that we shuffle or move the meeting of the 14th and that we invite the Auditor General alone on the 14th, and I hear not quite a consensus but a desire to have Phoenix on the 19th, and that's yes, in the affirmative.

All right? Then what we will do is vote only on the motion, because she was unwilling to amend the motion to include—

Mrs. Alexandra Mendès: Nobody proposed an amendment per se. We were just having discussions, but if you want to amend it, I have no issues with amending it.

The Chair: Then I would be open to your amendment, given that there is an availability on the 19th.

Mrs. Alexandra Mendès: Yes.

Mr. David Christopherson: I think we can make it as one vote. I don't think there is disagreement, colleagues, with what you just stated as the first part—

Mrs. Alexandra Mendès: No.

Mr. David Christopherson: —so the second part is that if that can't be accommodated, then plan B would be to leave the scheduled 14th—

Mrs. Alexandra Mendès: As is.

Mr. David Christopherson: —in the hope that the AG can come on the 19th.

The Chair: I think we're all right, then. I think we're okay.

Mr. David Christopherson: I think we're there, Chair.

The Chair: I don't even think we need to have a vote. I see consensus pretty well from all of us, so that's a big difference.

Now, Mr. Wernick, this is not normally.... This is the way they go. Sometimes we are moved by the testimony we hear to a place where we reshuffle our schedule to have the Auditor General appear again. That invitation will be given, but you have a closing statement. I'm going to close with your statement. That will be pretty well the end of the meeting.

I want to thank you for coming. I want to thank you for being open and frank. There are some questions we haven't had answered yet that maybe weren't even asked, but we will ask those questions to other deputy ministers who will be coming.

We welcome your closing comments.

Mr. Michael Wernick: Thank you, Mr. Chairman. I promise not to drag this on too long. I just want to get a couple of things on the record.

First of all, I want to thank the committee for the kind words about the public service, and also for your interest. I think there's a genuine interest around this table in making Canada's governance better, and you play a very important role there. I acknowledge that, and I actually welcome the opportunity to have exchanges with you. I will come back as often as you want and at any time you want if you want to pursue the issues around how to make an excellent public service even better.

I would commend to you to pay attention to the issues of incentives and disincentives within which people operate. I think that is the key.

I also just want to be very clear, because things get quoted and put onto videos and spread around. There was testimony of a public servant put into an attack ad last week, which troubles me, so I want to be very clear and on the record: I am not saying the public service culture is perfect. I've said on very many occasions that it can be improved, that we are risk-averse, we are process-driven and rules-driven. We need to be more nimble. We need to be more creative. We need to be more assertive.

What I take issue with is the insinuation that it is a generalized broken culture, which implies a generalized broken public service, and I have to contest that.

The picture of the public service that comes out from these kinds of exchanges and commentary, and from experts and media and otherwise, sends the public service mixed signals. We're told that we're intransigent and unco-operative, but we're also told we're too obedient to our ministers. You get the Sir Humphrey caricature of the puppet master who's manipulating ministers and running the town, and then we're told that we're too compliant and puppets of the political side and PMO. We're told that we're careless with public money and building empires without regard to costs, and then we're told that we're overzealous in staying on budget and too timid in asking for new resources. It's a confusing set of signals that the public service receives. It's a kind of Schrödinger's public service: what happens when you open the box?

My advice is where I started, which is be very careful on the diagnosis before you start prescribing remedies. I think you can be led into mistaken diagnoses very easily. There are a lot of governance quacks out there. I think it's important to listen carefully to people with some expertise in governance, in running organizations, in organizational culture and behaviour, and apply them to the public service context. You have my full co-operation and commitment to work with you on that.

The last point is about the role of this committee. You play a hugely important role in the feedback loop to a better public service. I would encourage you to create a culture at this committee where it is possible to disagree with the Auditor General, to challenge the analysis, challenge the conclusions and the opinions. We have been trained over a decade or more that the only acceptable response to an Auditor General chapter is "We agree", and then you play with the margins of "We agree, but" and try to get some other issue in. It should be okay to challenge the analysis and the findings of the Auditor General. It will make for a healthier, richer debate and a much better sense of solutions and so on.

I hope that I'm not in too much trouble for disagreeing with the findings of the Auditor General. I don't think it was an incomprehensible failure. I think it was comprehensible and I don't think we have a broken culture.

Thank you.

● (1735)

The Chair: Thank you, Mr. Wernick.

I would add just one quick thing. In your closing comments there is this misunderstanding, sometimes, that much of what you've discussed is what we deal with here, and it isn't.

There is a government operations committee, as you know, that is responsible for much of that. What we are responsible for, predominantly, is to review the Auditor General's reports and to then work with the deputy ministers to see action plans. I will add, in regard to us, that whether or not we always agree with the Auditor General, I have as yet seen very few deputy ministers who have ever disagreed with the Auditor General, so I think it works both ways.

Anyway, we thank you for your appearance here today. We are now adjourned.

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